



Results due: 12 August 2020

Case remains despite temporary hit in Auto

We expect Siili's core operations and VALA Group to show resilience in the H1 report while the Automotive business may have faced steep temporary decline in demand. The investment case remains intact as the demand drivers for digital IT services remain strong and VALA Group's solid performance is another proof that Siili's portfolio strategy creates shareholder value.

Key Data (2020E)

Price (EUR)	9.20
Reuters	SIILI.HE
Bloomberg	SIILI FH
Market cap (EURm)	64
Market cap (USDm)	76
Market cap (EURm)	64
Net debt (EURm)	(0)
Net gearing	(1%)
Net debt/EBITDA (x)	(0.0)
Shares fully dil. (m)	7.0
Avg daily turnover (m)	0.0
Free float	52%

Q2 sales to decline slightly on temporary squeeze on Automotive customers

We expect Siili's H1 sales to increase by 4% to EUR 42.3m but decline 3% in Q2. Our H1 EBITA estimate is EUR 2.6m. We find that Siili Core and VALA Group have performed relatively well. However, we think the Q2 sales decline owes mainly to Siili Auto, where we believe customers have safeguarded their cash flow in the time of uncertainty. However, based on the recent signs from the automotive sector sales, we believe the negative impact will be temporary and the demand should revive towards the year-end. Therefore, in Q2 our focus will be on management's comments around the client sector's recovery.

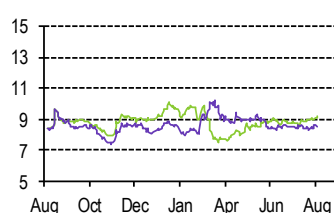
Structural demand for digital IT services remains strong

Siili's close peer Gofore showed strong growth of 10% in Q2, which shows that the structural demand for digital IT services remains high even during the COVID-19 pandemic. Apart from certain client verticals, we expect that it has not been as bad for Siili either as the company serves customers in their business-critical projects. Looking at the COVID-19 impact in the medium to long-term horizon we expect the demand for digital services to increase as companies increase their digital capabilities to remote working and new customer interaction.

Indicative fair value range of EUR 11-13

Siili continues to trade at a discount to the Nordic small IT service companies. Furthermore, our DCF suggests clear upside potential in the valuation. We finetune our fair value range to EUR 11-13 (from EUR 11-12).

Share Price (12M)



Absolute (green) / Relative to Finland (purple).

Marketing communication commissioned by:
Siili Solutions

Financials (EUR)

Year end: Dec	2018	2019	2020E	2021E	2022E
Revenues (m)	70	81	84	92	100
Adj. EBIT	2	4	4	7	8
Pre-tax profit (m)	2	3	9	7	8
EPS	0.23	0.36	1.00	0.77	0.93
Adj. EPS	0.35	0.57	0.55	0.98	1.14
DPS	0.23	0.36	0.35	0.45	0.50
Revenue growth (%)	21.7	14.4	4.2	10.1	8.4
Adj. EBIT growth (%)	(50.8)	51.3	19.3	57.4	19.9
Adj. EPS growth (%)	(43.4)	62.3	(4.5)	79.2	16.2
Adj. EBIT margin (%)	3.5	4.6	5.3	7.6	8.4
ROE (%)	7.8	12.7	30.8	20.4	22.0
ROCE (%)	9.0	10.4	11.5	17.9	21.6
PER (x)	23.0	16.0	16.9	9.4	8.1
Free cash flow yield (%)	2.2	10.1	6.2	11.0	12.7
Dividend yield (%)	2.8	3.9	3.8	4.9	5.4
P/BV (x)	2.89	3.10	2.57	2.30	2.05
EV/Sales (x)	0.86	0.86	0.76	0.64	0.54
EV/Adj. EBITDA (x)	14.6	9.8	8.2	5.7	4.6
EV/Adj. EBIT (x)	24.4	18.7	14.4	8.5	6.5
Operating cash flow/EV (%)	3.5	10.0	9.4	15.2	18.6
Net debt/EBITDA (x)	0.86	0.82	(0.04)	(0.47)	(0.84)

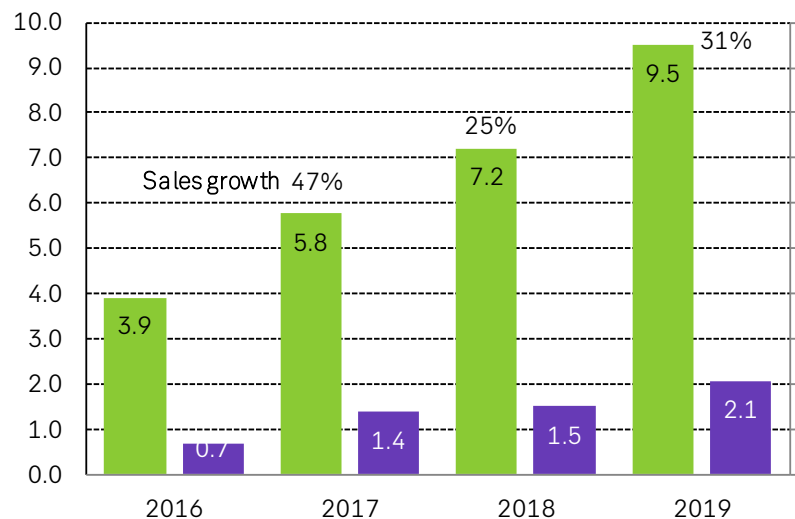
Source for all data on this page: SEB (estimates) and Millstream/Thomson Reuters (prices)

VALA Group shows the strategy works

Siili does not disclose its portfolio companies' financial performance. However, the public data shows that VALA Group Oy has performed strongly as Siili's portfolio company. Siili acquired VALA Group in August 2018 and 2019 marked the first full year under Siili's ownership. VALA was able to accelerate its growth to 31% and sales increased from EUR 7.2m to EUR 9.5m in 2019. The growth came with solid EBIT margin of 22% (21% in 2018) and EBIT totalled EUR 2.1m. Although VALA Group's public numbers may include some internal revenue, the first-year performance increases our confidence that the company's strategy of acquiring and breeding independent portfolio companies works. Within Siili Group the portfolio companies enjoy significant sales synergies.

Siili currently owns 60% of VALA Group but the company has the option to acquire the remaining stake by 2021 at the earliest. Taking the contingent liability into account, the transaction EV totals EUR 11m and the EV/EBIT after first full year rounds to 5x, compared with Siili's EV/EBIT of 15x. Overall, we conclude that the VALA Group acquisition showcases how Siili's portfolio strategy can be translated into shareholder value via sales synergies and multiples arbitrage.

Vala Group sales and EBIT (EURm)



Source: SEB

Estimate changes

Our sales estimates are broadly intact while we have slightly increased our EBITA estimates. Our 2020 profitability is slightly up as we believe the company has been offsetting the top line pressure via cost adaptation. For 2021-2022 we see better profitability on higher employee utilisation.

Estimate changes

(EURm)	New estimates			Old estimates			Difference (%)		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Sales	84.0	92.5	100.3	83.5	92.6	100.8	0.6	-0.2	-0.5
EBITDA	7.9	10.4	11.8	7.7	10.0	11.4	1.7	4.6	3.4
EBITA	5.9	8.4	9.8	5.7	8.0	9.4	2.2	5.7	4.2
EBITA margin (%)	9.4	11.3	11.8	9.3	10.8	11.3	0.1pp	0.5pp	0.5pp
EBIT	4.5	7.0	8.4	4.3	6.6	8.0	3.0	6.9	4.9
EPS	1.00	0.78	0.94	0.99	0.73	0.90	1.5	7.1	4.9

Source: SEB

Estimates

Semi-annual and quarterly estimates

(EURm)	Semi-annuals						Quarterly			
	H1/18	H2/18	H1/19	H2/19	H1/20E	H2/20E	Q1/20	Q2/20E	Q3/20E	Q4/20E
Net sales	34.2	36.2	40.7	39.8	42.3	41.6	22.6	19.7	18.3	23.3
Sales Growth	17.9%	25.6%	19.1%	10.1%	4.0%	4.5%	11.3%	-3.3%	na	na
External Services	-6.2	-6.7	-7.1	-7.7	-7.3	-8.1				
<i>Of sales</i>	<i>18.1%</i>	<i>18.6%</i>	<i>17.3%</i>	<i>19.4%</i>	<i>17.3%</i>	<i>19.4%</i>				
Personnel costs	-21.0	-22.5	-25.6	-24.3	-26.6	-24.7				
<i>Of sales</i>	<i>61.6%</i>	<i>62.2%</i>	<i>62.9%</i>	<i>60.9%</i>	<i>63.0%</i>	<i>59.2%</i>				
Other costs	-4.8	-5.2	-4.7	-4.5	-4.9	-4.7				
<i>Of sales</i>	<i>42.6%</i>	<i>46.9%</i>	<i>-2.7%</i>	<i>-5.0%</i>	<i>4.0%</i>	<i>4.0%</i>				
Total expenses	-34.5	-37.4	-36.5	-38.9	-37.4	-41.5				
EBITDA	2.3	1.8	3.5	3.6	3.6	4.3				
EBITDA %	6.7%	5.0%	8.7%	8.9%	8.4%	10.3%				
Depreciation	-0.4	-0.4	-0.9	-1.0	-1.0	-1.0				
EBITA	1.9	1.4	2.6	2.6	2.6	3.3	1.6	0.9	1.3	2.0
EBITA %	5.6%	3.9%	6.4%	6.4%	6.1%	8.0%	7.2%	4.7%	7.2%	8.5%
Amortisation	-0.2	-0.7	-0.7	-0.7	-0.7	-0.7				
EBIT	1.7	0.7	1.9	1.9	1.8	2.6				
EBIT%	5.0%	2.1%	4.6%	4.7%	4.4%	6.3%				
Pre-tax profit	1.7	0.6	1.7	1.6	6.4	2.5				
Net profit	1.3	0.2	1.3	1.2	5.0	2.0				
EPS (EUR)	0.19	0.03	0.19	0.17	0.72	0.28				

Source: SEB

Annual estimates

(EURm)	Annuals						
	2016	2017	2018	2019	2020E	2021E	2022E
Net sales	48.4	57.8	70.4	80.5	84.0	92.5	100.3
Sales Growth	15.6%	19.4%	21.7%	14.4%	4.2%	10.1%	8.4%
External Services	-7.8	-10.1	-12.9	-14.8	-15.4	-17.0	-18.4
<i>Of sales</i>	<i>-16.2%</i>	<i>-17.5%</i>	<i>-18.3%</i>	<i>-18.4%</i>	<i>-18.4%</i>	<i>-18.4%</i>	<i>-18.4%</i>
Personnel costs	-30.4	-35.1	-43.6	-49.9	-51.3	-55.2	-59.8
<i>Of sales</i>	<i>-62.8%</i>	<i>-60.8%</i>	<i>-61.9%</i>	<i>-62.0%</i>	<i>-61.1%</i>	<i>-59.7%</i>	<i>-59.7%</i>
Other costs	-5.5	-7.0	-10.1	-9.2	-9.6	-10.1	-10.4
<i>Of sales</i>	<i>-11.3%</i>	<i>-12.0%</i>	<i>-14.3%</i>	<i>-11.4%</i>	<i>-11.4%</i>	<i>-10.9%</i>	<i>-10.4%</i>
Total expenses	-43.7	-52.2	-66.5	-73.9	-76.3	-82.3	-88.6
EBITDA	4.8	5.8	4.1	7.1	7.9	10.4	11.8
EBITDA %	9.9%	10.0%	5.8%	8.8%	9.4%	11.3%	11.8%
Depreciation	-0.3	-0.4	-0.8	-1.9	-2.0	-2.0	-2.0
EBITA	4.5	5.4	3.3	5.2	5.9	8.4	9.8
EBITA %	9.2%	9.3%	4.8%	6.4%	7.0%	9.1%	9.8%
Amortisation	-0.3	-0.4	-0.9	-1.5	-1.4	-1.4	-1.4
EBIT	4.1	5.0	2.5	3.7	4.5	7.0	8.4
EBIT%	8.6%	8.7%	3.5%	4.6%	5.3%	7.6%	8.4%
Pre-tax profit	4.0	5.0	2.3	3.3	8.9	6.9	8.4
Net profit	3.2	4.0	1.6	2.5	7.0	5.4	6.6
EPS (EUR)	0.48	0.57	0.23	0.36	1.00	0.77	0.93

Source: SEB

Valuation

Our DCF valuation for Siili remains unchanged at EUR 14. We have modelled on average 7% sales growth for the ongoing decade. To reflect the uncertainty regarding the growth we use a fair value range of EUR 12-14 in our DCF valuation (see sensitivity tables on page 4).

Siili continues to trade at a discount to its peer groups. When comparing the EV/EBITDA multiples to small Nordic IT service providers, we note that Siili's 2020 and 2021 multiples are 11% and 30% below the peer group median, respectively. Consequently, we justify a fair value range of EUR 10-12 in our peer group comparison.

We set a weighted fair valuation range for Siili at EUR 11-13 (was EUR 11-12).

DCF summary valuation

DCF valuation (EURm)		Weighted average cost of capital (%)	
NPV of FCF in explicit forecast period	50	Risk free interest rate	2.5
NPV of continuing value	49	Risk premium	7.0
Value of operation	99	Cost of equity	9.5
Net debt	(0)	After tax cost of debt	1.8
Share issue/buy-back in forecast period	-		
Value of associated companies	-	WACC	9.5
Value of minority shareholders' equity	-		
Value of marketable assets	-	Assumptions	
DCF value of equity	99	Number of forecast years	10
DCF value per share (EUR)	14	EBIT margin - steady state (%)	8.1
Current share price (EUR)	9.20	EBIT multiple - steady state (x)	8.3
DCF performance potential (%)	54	Continuing value (% of NPV)	49.5

Source: SEB

DCF assumption details

(EURm)	2020E	2021E	2022E	2023E	2024E	Average year 6	Average year 7-8	Average year 9-10
Sales growth (%)	4.2	10.1	8.4	7.9	7.9	7.9	7.1	6.1
EBITDA margin (%)	9.4	11.3	11.8	11.5	11.7	11.9	12.0	11.5
EBIT margin (%)	5.3	7.6	8.4	8.2	8.5	8.8	9.0	8.6
Gross capital expenditures as % of sales	(3.1)	2.2	2.0	2.0	2.0	2.0	2.0	2.0
Working capital as % of sales	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)	(3.0)
Sales	84	92	100	108	117	126	140	158
Depreciation	(2)	(2)	(2)	(2)	(2)	(2)	(3)	(3)
Intangibles amortisation	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
EBIT	4	7	8	9	10	11	13	14
Taxes on EBIT	(2)	(3)	(3)	(3)	(3)	(4)	(4)	(5)
Increase in deferred taxes	0	0	0	0	0	0	0	0
NOPLAT	4	6	7	7	8	9	10	11
Gross capital expenditure	3	(2)	(2)	(2)	(2)	(3)	(3)	(3)
Increase in working capital	0	0	0	0	0	0	0	0
Free cash flow	9	6	7	7	8	9	10	11
ROIC (%)	10.5	15.2	17.7	19.4	22.3	25.8	31.2	37.4
ROIC-WACC (%)	1.0	5.7	8.2	9.9	12.8	16.3	21.7	27.9
Share of total net present value (%)	0.0	5.7	6.0	5.7	5.8	5.8	11.3	10.1

Source: SEB

DCF sensitivity analysis

		Cost of equity (%)				
		8.5	9.0	9.5	10.0	10.5
Equity capital weight (%)	80	20	18	17	16	16
	90	17	16	15	15	14
	100	15	15	14	13	12
	100	15	15	14	13	12
	100	15	15	14	13	12
		Absolute change in EBITDA margin - all years				
		-2%	-1%	0	+1%	+2%
Abs. change in sales growth - all years	-2%	10	11	12	14	15
	-1%	11	12	13	14	15
	0	11	12	14	15	16
	+1%	12	13	14	16	17
	+2%	12	14	15	17	18

Source: SEB

Siili peer group valuation II

	Ccy	Price (lcl ccy)	Mkt Cap (EURm)	PER(x)			EV/Sales			Exp. Sales Growth		
				2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E
Global / Regional large IT Service companies												
TATA CONSULTANCY SVCS LTD	INR	2259.5	95615.4	27.3	24.0	21.9	5.2	4.7	4.3	0.4%	9.5%	9.0%
INFOSYS LTD	INR	944.7	45377.4	23.1	20.5	18.4	3.9	3.4	3.1	6.3%	10.5%	10.2%
HCL TECHNOLOGIES LTD	INR	688.4	21067.1	16.3	14.8	13.3	2.4	2.1	1.9	4.5%	8.9%	9.3%
ACCENTURE PLC-CL A	USD	227.2	122135.1	29.7	27.9	25.3	3.1	3.0	2.7	2.7%	4.6%	7.1%
COGNIZANT TECH SOLUTIONS-A	USD	67.9	31079.3	19.4	17.2	15.5	2.1	2.0	1.8	-1.7%	4.5%	4.8%
CAPGEMINI SE	EUR	111.9	18952.9	17.6	14.8	12.9	1.5	1.3	1.2	13.2%	6.8%	4.8%
ATOS SE	EUR	73.7	8102.1	10.4	9.6	8.8	0.7	0.7	0.6	-2.5%	1.1%	2.4%
TIETOEVRV OYJ	EUR	25.4	3008.0	14.3	11.7	10.9	1.4	1.3	1.3	62.7%	3.1%	2.5%
ATEA ASA	NOK	104.6	1079.1	20.6	16.2	13.7	0.3	0.3	0.3	6.1%	5.7%	4.5%
NETCOMPANY GROUP AS	DKK	456.6	3064.0	39.8	32.1	26.5	8.1	6.7	5.6	16.5%	19.4%	17.9%
Average				21.8	18.9	16.7	2.9	2.5	2.3	10.8%	7.4%	7.2%
Median				20.0	16.7	14.6	2.2	2.0	1.8	5.3%	6.2%	5.9%
Nordic small IT Service companies												
NNIT A/S	DKK	120.8	405.3	20.2	17.5	16.3	1.2	1.1	1.0	-7.0%	2.1%	4.1%
WEBSTEP ASA	NOK	18.8	47.6	15.7	12.5	n.a.	0.8	0.7	n.a.	1.6%	4.5%	n.a.
BOUVET ASA	NOK	528.0	507.7	28.8	23.2	21.3	2.2	2.0	1.8	9.2%	9.3%	7.7%
KNOW IT AB	SEK	185.2	346.7	16.5	14.5	13.1	1.0	0.9	0.8	-0.9%	6.2%	5.2%
HIQ INTERNATIONAL AB	SEK	52.8	286.7	20.2	17.7	16.2	1.5	1.4	1.3	-3.8%	4.9%	5.0%
ADDNODE GROUP AB	SEK	196.0	637.1	29.1	22.2	20.1	1.7	1.6	1.4	15.3%	7.9%	5.7%
B3 CONSULTING GROUP AB	SEK	42.1	33.6	14.0	10.9	9.4	0.6	0.5	0.5	4.8%	5.1%	5.4%
VINCIT OYJ	EUR	4.6	55.4	16.3	12.6	11.1	n.a.	n.a.	n.a.	0.1	7.5%	0.1
DIGIA OYJ	EUR	5.4	144.3	17.8	15.7	13.8	1.1	1.0	0.9	7.7%	5.3%	4.8%
GOFORE OYJ	EUR	8.0	112.7	18.7	15.6	13.6	1.4	1.2	1.1	9.2%	4.6%	7.7%
Average				19.7	16.3	15.0	1.3	1.2	1.1	4.4%	5.7%	5.9%
Median				18.2	15.6	13.8	1.2	1.1	1.1	6.2%	5.2%	5.4%
SIILI SOLUTIONS - SEB est.	EUR	9.4	65.8	9.4	12.1	10.0	0.9	0.8	0.7	14.4%	4.2%	10.1%

Source: SEB, Bloomberg

Siili peer group valuation II

	EV/EBITDA			EV/EBIT			EBIT margin (%)			Share price performance (%)		
	2020E	2021E	2022E	2020E	2021E	2022E	2020E	2021E	2022E	-1M	-3M	-12M
Global / Regional large IT Service companies												
TATA CONSULTANCY SVCS LTD	19.4	17.3	15.6	21.5	18.8	17.1	24.1%	24.9%	25.0%	0.1	17.5	4.2
INFOSYS LTD	15.2	13.4	12.0	17.6	15.5	13.7	22.0%	22.1%	22.4%	23.7	42.2	24.8
HCL TECHNOLOGIES LTD	9.6	8.6	7.6	12.0	10.5	9.3	19.7%	20.0%	20.0%	19.3	32.7	37.5
ACCENTURE PLC-CL A	17.3	16.7	15.5	21.2	20.0	18.3	14.7%	14.8%	15.0%	4.8	25.5	24.5
COGNIZANT TECH SOLUTIONS-A	11.7	10.5	9.3	14.8	12.9	11.8	14.0%	15.1%	15.5%	20.7	19.4	11.0
CAPGEMINI SE	10.4	9.0	8.1	14.4	12.3	10.6	10.2%	10.8%	11.5%	7.1	30.1	5.4
ATOS SE	5.3	4.7	3.9	9.8	8.2	6.5	7.5%	8.2%	9.1%	-7.0	16.6	7.4
TIETOEVRV OYJ	10.6	8.1	7.3	18.8	12.1	11.2	7.5%	11.1%	11.5%	5.2	18.9	13.6
ATEA ASA	8.1	6.9	6.2	15.0	11.4	11.9	2.0%	2.4%	2.2%	9.6	20.9	-2.3
NETCOMPANY GROUP AS	28.7	23.2	19.1	35.5	27.0	22.0	22.9%	24.8%	25.6%	-3.4	32.7	79.3
Average	13.6	11.8	10.5	18.0	14.9	13.2	14.5%	15.4%	15.8%	8.0	25.7	20.5
Median	11.2	9.7	8.7	16.3	12.6	11.9	14.4%	15.0%	15.3%	6.2	23.2	12.3
Nordic small IT Service companies												
NNIT A/S	7.6	6.9	6.5	16.6	14.2	12.9	7.0%	7.8%	8.1%	3.4	12.3	26.1
WEBSTEP ASA	8.9	7.4	n.a.	12.0	9.6	n.a.	6.3%	7.4%	n.a.	1.6	5.0	-25.4
BOUVET ASA	16.5	13.5	12.0	22.0	17.2	15.1	10.2%	11.8%	12.2%	5.6	22.5	74.8
KNOW IT AB	9.4	7.9	6.9	12.2	9.9	8.5	8.5%	9.3%	9.8%	12.2	32.7	2.5
HIQ INTERNATIONAL AB	11.2	9.9	9.1	13.9	12.1	10.9	10.7%	11.6%	12.0%	15.9	34.2	6.0
ADDNODE GROUP AB	17.6	13.4	12.0	38.1	22.6	19.5	4.5%	6.9%	7.4%	4.3	22.2	32.0
B3 CONSULTING GROUP AB	7.3	5.7	4.9	11.6	8.7	7.1	5.1%	5.7%	6.5%	19.3	36.2	-33.6
VINCIT OYJ	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.9%	10.2%	11.0%	3.4	5.3	7.0
DIGIA OYJ	9.3	8.4	7.3	14.7	12.5	10.5	7.6%	8.1%	8.7%	5.5	11.6	69.8
GOFORE OYJ	11.2	9.8	7.4	12.5	11.3	10.1	10.9%	11.0%	10.5%	-0.7	12.6	-2.6
Average	11.0	9.2	8.3	17.1	13.1	11.8	8.0%	9.0%	9.6%	7.0	19.5	15.7
Median	9.4	8.4	7.4	13.9	12.1	10.7	8.0%	8.7%	9.8%	4.9	17.4	6.5
SIILI SOLUTIONS - SEB est.	9.1	6.9	6.1	16.1	10.2	8.5	5.3%	7.6%	8.4%	7.8	12.4	11.1

Source: SEB, Bloomberg

Overview

Investment considerations

We believe Siili can grow its core business at a steady rate close slightly outpacing the market growth rate. Key growth driver will be Portfolio units, most notably Siili_auto and Vala Group. Additionally, we believe in Siili's ability to create new knowhow nucleus in Core and foster them gradually into independent Portfolio units. We model in incremental profitability improvement driven by higher utilization rate particularly in Siili_auto and Core.

Company profile

Siili is a small cap Finnish IT Services company. Company divides its business into Core and Portfolio. Core consists of modern IT Services focusing on digital solutions. Portfolio is composed of independent units and it offers more specialized services. Siili largest client verticals are Public sector and Finance sector in Finland. The company serves international clients mainly through Siili_auto.

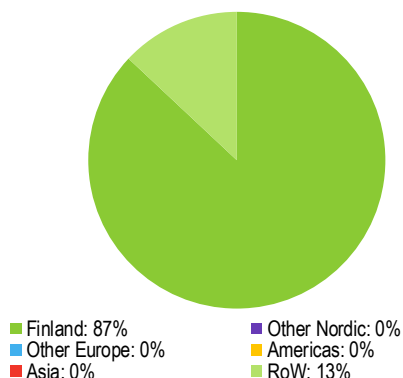
Valuation approach

Our multiple valuation for Siili Solutions is based on EV/EBITDA. By benchmarking the peer valuation multiples we find stock fair value between EUR 10-12. In DCF using WACC 9.5%, and a declining sales growth profile and improving EBITDA margin profile we get a DCF value per share of EUR 14.

Risks

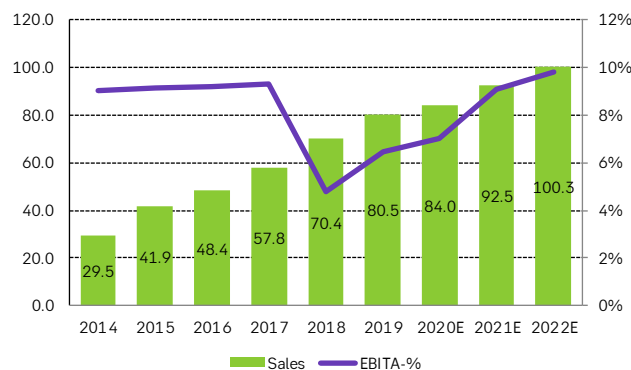
Siili growth is dependent on its ability to hire more employees and get more sales out of existing ones to ensure high utilization rate. Finding talented programmer and developers with specialized skills is already challenging and in our view will not get any easier. Without new hires growth will stop. Prolonged COVID-19 restrictions would mean pause in Siili's growth story and especially Siili Auto sales could tumble on customers' weakened situation.

Revenues by region



Source: SEB

Sales (EURm) and EBITA margin (%)



Source: SEB

Profit & loss statement - Siili Solutions												
(EURm)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net Sales	13	16	19	29	42	48	58	70	81	84	92	100
Other revenues	0	0	0	0	0	0	0	0	0	0	0	0
Total revenues	13	16	19	29	42	48	58	70	81	84	92	100
Total expenses	(12)	(15)	(17)	(27)	(38)	(44)	(52)	(66)	(73)	(76)	(82)	(88)
Profit before depreciation	2	2	2	3	4	5	6	4	7	8	10	12
Depreciation - Fixed assets	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(2)	(2)	(2)	(2)
Depreciation - Other assets	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation - Goodwill	0	0	0	0	0	0	0	0	0	0	0	0
Amortisation - Other intangibles	0	0	0	0	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)
Operating profit	1	1	1	2	4	4	5	2	4	4	7	8
Net interest expenses	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Foreign exchange items	0	0	0	0	0	0	0	0	0	0	0	0
Other financial items	0	0	0	0	0	0	0	0	0	0	0	0
Value changes - Fixed assets	0	0	0	0	0	0	0	0	0	5	0	0
Value changes - Financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Value changes - Other assets	0	0	0	0	0	0	0	0	0	0	0	0
Reported pre-tax profit	1	1	1	2	3	4	5	2	3	9	7	8
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0
Total taxes	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(2)	(1)	(2)
Reported profit after tax	1	1	1	2	2	3	4	2	3	7	5	7
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0
Extraordinary items	0	0	0	0	0	0	0	0	0	0	0	0
Net Profit	1	1	1	2	2	3	4	2	3	7	5	7
Adjustments:												
Discontinued operations	0	0	0	0	0	0	0	0	0	0	0	0
Interest on convertible debt	0	0	0	0	0	0	0	0	0	0	0	0
Minority interests (IFRS)	0	0	0	0	0	0	0	0	0	0	0	0
Value changes	0	0	0	0	0	0	0	0	0	(5)	0	0
Goodwill/intangibles amortisations	0	0	0	0	0	0	0	1	1	1	1	1
Restructuring charges	0	0	0	0	0	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Tax effect of adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Adjusted profit after tax	1	1	1	2	3	3	4	2	4	4	7	8
Margins, tax & returns												
Operating margin	10.9	8.0	7.3	8.2	8.4	8.6	8.7	3.5	4.6	5.3	7.6	8.4
Pre-tax margin	10.9	6.6	7.3	7.5	7.5	8.3	8.6	3.3	4.1	10.6	7.4	8.2
Tax rate	29.1	28.5	23.8	21.0	22.2	20.9	20.5	31.7	23.1	21.0	21.0	21.0
ROE	155.4	36.8	28.0	28.6	25.8	21.7	20.5	7.8	12.7	30.8	20.4	22.0
ROCE	169.1	56.9	37.0	25.0	23.3	24.2	24.7	9.0	10.4	11.5	17.9	21.6
Growth rates y-o-y (%)												
Total revenues	n.a.	22.1	17.0	56.9	42.0	15.6	19.4	21.7	14.4	4.2	10.1	8.4
Operating profit	n.m.	(10.2)	6.3	76.5	44.4	18.3	20.9	(50.8)	51.3	19.3	57.4	19.9
Pre-tax profit	n.m.	(25.3)	28.2	62.8	41.9	27.2	24.2	(53.7)	43.0	168.8	(22.9)	20.4
EPS (adjusted)	0.0	(32.9)	17.6	54.0	44.3	12.4	17.9	(43.4)	62.3	(4.5)	79.2	16.2
Cash flow												
(EURm)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Net profit	1	1	1	2	2	3	4	2	3	7	5	7
Non-cash adjustments	0	0	1	0	1	1	1	1	2	(1)	3	3
Cash flow before work cap	1	1	2	2	3	4	5	3	5	6	9	10
Ch. in working capital / Other	0	(0)	0	0	1	1	0	(1)	2	0	0	0
Operating cash flow	2	1	2	2	4	5	5	2	7	6	9	10
Capital expenditures	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(0)	(2)	(2)	(2)
Asset disposals	0	0	0	0	0	0	0	0	0	5	0	0
L/T financial investments	0	0	0	0	0	0	0	0	0	0	0	0
Acquisitions / adjustments	(0)	0	(1)	(2)	(1)	(1)	(2)	(5)	(0)	0	0	0
Free cash flow	1	1	1	(0)	2	3	2	(3)	6	9	7	8
Net loan proceeds	0	(0)	0	2	(0)	0	(0)	7	(3)	(3)	(3)	(3)
Dividend paid	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(3)	(2)	(3)	(2)	(3)
Share issue	0	2	0	0	0	4	0	0	0	0	0	0
Other	0	0	0	0	0	(1)	0	0	(0)	0	0	0
Net change in cash	0	1	0	1	1	5	(1)	1	2	3	1	2
Adjustments												
C/flow bef chng in work cap	1	1	2	2	3	4	5	3	5	6	9	10
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0
Int on conv debt net of tax	0	0	0	0	0	0	0	0	0	0	0	0
Cash earnings	1	1	2	2	3	4	5	3	5	6	9	10
Per share information												
Cash earnings	0.4	0.24	0.32	0.38	0.59	0.6	0.67	0.38	0.69	0.83	1.26	1.42
Operating cash flow	0.43	0.22	0.34	0.42	0.69	0.78	0.7	0.3	0.99	0.86	1.29	1.45
Free cash flow	0.37	0.16	0.19	(0.09)	0.38	0.51	0.23	(0.48)	0.87	1.23	1.01	1.16
Investment cover												
Capex/sales (%)	0.7	1.4	0.5	1.1	0.8	1.1	2.1	1.2	0.6	2.4	2.2	2.0
Capex/depreciation (%)	50	94	20	120	179	179	303	112	25	101	101	101

Source for all data on this page: SEB

Balance sheet - Siili Solutions												
(EURm)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
Cash and liquid assets	1	2	3	4	5	10	9	10	12	15	16	17
Debtors	3	3	3	6	6	9	9	13	14	15	16	18
Inventories	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	1	2	0	0	0	0	0	0	0
Current assets	4	5	6	11	13	19	18	23	26	30	32	35
Interest bearing fixed assets	0	0	0	0	0	0	0	0	0	0	0	0
Other financial assets	0	0	0	0	0	0	0	0	0	0	0	0
Capitalized development cost	0	0	0	0	0	0	0	0	0	0	0	0
Goodwill	1	1	2	9	9	9	12	19	19	19	19	19
Other intangibles	0	0	0	2	2	3	3	6	4	3	1	(0)
Fixed tangible assets	0	0	0	1	1	1	1	1	6	6	6	6
Other fixed assets	0	0	0	0	0	0	0	0	0	0	0	0
Fixed assets	1	1	2	12	11	12	15	26	30	28	27	25
Total assets	5	6	9	23	24	31	34	49	56	58	59	61
Creditors	3	3	4	7	8	11	12	14	17	17	19	21
Other trade financing	0	0	0	0	0	0	0	0	0	0	0	0
S/T interest bearing debt	0	0	0	4	3	0	0	1	3	2	2	1
Other	0	0	0	0	0	0	0	0	0	0	0	0
Current liabilities	3	3	4	11	11	11	12	16	20	20	21	22
L/T interest bearing debt	0	0	0	4	1	1	0	12	15	12	9	6
Other long-term liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Convertible debt	0	0	0	0	0	0	0	0	0	0	0	0
Pension provisions	0	0	0	0	0	0	0	0	0	0	0	0
Other provisions	0	0	0	0	0	0	0	0	0	0	0	0
Deferred tax	0	0	0	0	0	0	0	1	1	1	1	1
Long term liabilities	0	0	0	4	2	1	1	13	16	13	10	7
Minority interests	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders' equity	1	3	5	8	11	18	21	20	21	25	28	31
Total liabilities and equity	5	6	9	23	24	31	34	49	56	58	59	61
Net debt (m)	(1)	(2)	(3)	4	(1)	(9)	(8)	4	6	(0)	(5)	(10)
Working capital (m)	(0)	(0)	(0)	(0)	(0)	(2)	(2)	(2)	(2)	(3)	(3)	(3)
Capital employed (m)	2	3	5	15	15	19	22	33	38	39	39	39
Net debt/equity (%)	(62)	(75)	(56)	46	(9)	(47)	(39)	18	28	(1)	(18)	(32)
Net debt/EBITDA (x)	(0.5)	(1.4)	(1.4)	1.3	(0.3)	(1.8)	(1.4)	0.9	0.8	(0.0)	(0.5)	(0.8)
Equity/total assets (%)	26	47	54	34	48	59	61	40	37	43	47	52
Interest cover	120.1	5.7	153.0	10.5	9.4	29.5	98.9	16.1	8.8	23.2	46.5	57.3

Valuation												
(EUR)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020E	2021E	2022E
No of shares, fully dil. (y/e)	1.3	1.6	1.7	1.9	2.0	6.9	7.0	7.0	7.0	7.0	7.0	7.0
No of shares, fully dil. avg.	1.3	1.4	1.6	1.8	2.0	6.6	7.0	7.0	7.0	7.0	7.0	7.0
Share price, y/e		2.5	4.3	4.6	8.0	8.3	11.1	8.1	9.1	9.2	9.2	9.2
Share price, high		2.6	4.8	4.6	8.0	9.2	13.5	12.9	9.6	10.1		
Share price, low		2.4	2.5	3.5	4.5	6.9	7.9	7.5	7.9	7.5		
Share price, avg		2.5	3.1	4.2	6.2	7.8	10.8	11.0	8.8	8.9		
EPS (reported)	0.27	0.18	0.21	0.33	0.42	0.48	0.57	0.23	0.36	1.00	0.77	0.93
EPS (adjusted)	0.27	0.18	0.21	0.33	0.47	0.53	0.62	0.35	0.57	0.55	0.98	1.14
Cash earnings/share	0.40	0.24	0.32	0.38	0.59	0.60	0.67	0.38	0.69	0.83	1.26	1.42
Dividend/share	0.00	0.00	0.14	0.16	0.08	0.30	0.39	0.23	0.36	0.35	0.45	0.50
Enterprise value/share		2.1	3.8	5.2	7.8	7.0	9.9	8.6	9.9	9.2	8.5	7.8
Book value/share	0.3	0.6	0.9	1.4	1.9	2.6	3.0	2.8	2.9	3.6	4.0	4.5
Adjusted equity/share	0.3	0.6	0.9	1.4	1.9	2.6	3.0	2.8	2.9	3.6	4.0	4.5
PER (adjusted)		14.1	20.2	14.0	17.0	15.7	17.8	23.0	16.0	16.9	9.4	8.1
CEM		10.6	13.5	12.1	13.6	13.7	16.6	21.3	13.1	11.1	7.3	6.5
Dividend yield		0.0	3.2	3.4	1.0	3.6	3.5	2.8	3.9	3.8	4.9	5.4
EV/EBITDA		6.3	10.9	10.8	11.8	10.2	12.0	14.6	9.8	8.2	5.7	4.6
EV/EBITA		7.6	14.2	12.1	12.4	10.9	12.9	18.0	13.4	10.9	7.1	5.5
EV/EBIT		7.6	14.2	12.1	13.5	11.7	13.8	24.4	18.7	14.4	8.5	6.5
EV/Sales (x)		0.61	1.04	0.99	1.13	1.00	1.20	0.86	0.86	0.76	0.64	0.54
Price/Book value		4.19	4.80	3.35	4.26	3.17	3.73	2.89	3.10	2.57	2.30	2.05
Price/adjusted equity		4.19	4.80	3.35	4.26	3.17	3.73	2.89	3.10	2.57	2.30	2.05
Free cash flow/Market cap (%)		6.4	7.5	7.9	7.9	8.4	4.7	2.2	10.1	6.2	11.0	12.7
Operating cash flow/EV (%)		9.5	8.6	7.8	8.6	10.6	7.0	3.5	10.0	9.4	15.2	18.6
EV/Capital employed (x)		3.4	4.2	1.9	3.1	2.5	3.2	1.8	1.8	1.6	1.5	1.4

Main shareholders			Management			Company information		
Name	(%)	Votes	Capital	Title	Name	Contact		
Erina Oy	11.7		11.7	COB	Harry Brade	Internet	https://www.siili.com/	
Elo Mutual Pension Insurance Company	9.9		9.9	CEO	Marko Somerma	Phone number	0	
Lamy Oy	8.8		8.8	CFO	Aleksi Kankainen			
Foreign owners (total)	10.0		10.0	IR	Hanna Seppänen			

Source for all data on this page: SEB

About this publication

This report is a marketing communication commissioned by Siili Solutions and prepared by Skandinaviska Enskilda Banken AB (publ). It does not constitute investment research; as such, it has not been prepared in accordance with the legal requirements to promote the independence of investment research, nor is it subject to any prohibition on dealing ahead of the dissemination of investment research.

This statement affects your rights

This report is confidential and may not be reproduced, redistributed or republished by any recipient for any purpose or to any person. Redistributing this report to third parties may invoke legal requirements on the person engaging in such activities.

Producers and Recipients

SEB Research is approved and issued by Skandinaviska Enskilda Banken AB (publ) ("SEB"), a bank organized under the laws of the Kingdom of Sweden, on behalf of itself and its affiliates for institutional investors. When SEB Research is issued by an SEB subsidiary, the subsidiary itself is subject to this disclaimer.

Use

This material has been prepared by SEB for information purposes only. It does not constitute investment advice and is being provided to you without regard to your investment objectives or circumstances. The document does not constitute an invitation or solicitation of an offer to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis for any contract or commitment whatsoever. Opinions contained in the report represent the authors' present opinion only and may be subject to change. In the event that the authors' opinion should change, we shall endeavour (but do not undertake) to disseminate any such change, within the constraints of any regulations, applicable laws, internal procedures within SEB, or other circumstances.

Good faith and limitations

All information, including statements of fact, contained in this research report have been obtained and compiled in good faith from sources believed to be reliable. However, no representation or warranty, express or implied, is made by SEB with respect to the completeness or accuracy of its contents, and it is not to be relied upon as authoritative and should not be taken in substitution for the exercise of reasoned, independent judgement by you. Recipients are urged to base their investment decisions upon such investigations as they deem necessary. To the extent permitted by applicable law, no liability whatsoever is accepted by SEB for any direct or consequential loss arising from the use of this document or its contents.

Distribution

This research report has been prepared by SEB or its affiliates and is being distributed by SEB offices in Stockholm, Copenhagen, Oslo, Helsinki, Frankfurt, London, Tallinn, Vilnius and Riga. Research reports are prepared and distributed in Lithuania by AB SEB bankas and in Estonia by AS SEB Pank in accordance with the requirements of the local laws and Financial Supervision Authority's conduct of business rules. This document may not be distributed in the United States, Canada, Japan or Australia or in any other jurisdiction where to do so would be unlawful. Addresses and Phone numbers for each office can be found at the end of the report.

The SEB Group: members, memberships and regulators

SEB is a member of, inter alia, Nasdaq OMX Nordic, Oslo Stock Exchange, the London Stock Exchange, NYSE Euronext, SIX Swiss Exchange, Frankfurt Stock Exchange, Tallinn Stock Exchange as well as certain European MTF's such as BATS-Chi-X, Turquoise and Burgundy. SEB is regulated by Finansinspektionen in Sweden and, for the conduct of investment services business, in (i) Denmark by Finanstilsynet, (ii) Norway by Finanstilsynet, (iii) Finland by Finanssivalvonta, (iv) Germany by Bundesanstalt für Finanzdienstleistungsaufsicht, (v) the UK by the Financial Conduct Authority and Prudential Regulation Authority (details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request), (vi) Estonia by the Estonian Financial Supervision Authority, (vii) Lithuania by the Bank of Lithuania, (viii) Latvia by the Financial and Capital Markets Commission and Futures Commission.

SEB's research reports are prepared in accordance with the industry standards and codes of conduct applicable to financial analysts in the countries where they are based. In Denmark, Finland, Norway and Sweden, analysts act in accordance with the rules of ethics of each country's Society of Financial Analysts. Analysts comply with the recommendations and industry standards of the Danish, Norwegian and the Swedish Securities Dealers Associations and with those of the Federation of Finnish Financial Services. Analysts certified by the CFA Institute also comply with the Code of Ethics of the CFA Institute.

Prevention and avoidance of conflicts of interest

The remuneration of staff within the Research department is determined exclusively by research management and senior management and may include discretionary awards based on the firm's total earnings, including investment banking and markets (sales and trading businesses) income; however, no such staff receive remuneration based upon specific investment banking or markets transactions. SEB's Compliance department monitors the production of research and the observance of the group's procedures designed to prevent any potential conflicts of interest from affecting the content of research; the latter are described in greater detail in the "Statement of Policies for dealing with potential conflicts of interest surrounding our Research activities" which is available on our SEB Research website.

Your attention is also drawn to the fact that:

The current market price of the securities shown in this report is the price prevailing at the close of the business day preceding the date of publication, save where such price was more than 5% different from the price prevailing as at the time of publication, in which case it is the latter.

Unless explicitly stated otherwise in this report, SEB expects (but does not undertake) to issue updates to this report following the publication of new figures or forecasts by the company covered, or upon the occurrence of other events which could potentially have a material effect on it.

The securities discussed in this research report may not be eligible for sale in all countries, and such securities may not be suitable for all types of investors. Offers and sales of securities discussed in this research report, and the distribution of this report, may be made only in countries where such securities are exempt from registration or qualification or have been so registered or qualified for offer and sale, and in accordance with applicable broker-dealer and agent/salesman registration or licensing requirements. A copy of this report, not including the recommendation, has been provided to the issuer prior to its dissemination to check factual statements for accuracy; as a result, some amendments have been made.

A full list of disclosures for other companies mentioned herein (in which SEB has research coverage), can be found on our SEB Research website

Methodology

Final consideration as to any valuations, projections and forecasts contained in this report are based on a number of assumptions and estimates and are subject to contingencies and uncertainties, and their inclusion in this report should not be regarded as a representation or warranty by or on behalf of the Group or any person or entity within the Group that they or their underlying assumptions and estimates will be met or realized. Different assumptions could result in materially different results. Past performance is not a reliable indicator of future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report. In addition, investors in securities, such as ADRs, whose values are influenced by the currency of the underlying security, effectively assume currency risk.

Company specific disclosures and potential conflicts of interest

A member of, or an entity associated with, SEB or its affiliates, officers, directors, employees or shareholders of such members (a) is not, and has never been, represented on the board of directors or similar supervisory entity of Siili Solutions, (b) has from time to time bought or sold the securities issued by the company or options relating to the company, and (c) SEB does not hold any short / long position exceeding 0.5% of the total issued share capital of Siili Solutions as of 31 Jul 2020.

The analyst(s) responsible for this research report (jointly with their closely related persons) hold(s) 0 shares in Siili Solutions and do(es) not have holdings in other instruments related to the company.

Skandinaviska Enskilda Banken AB (publ). All rights reserved.

Copenhagen

Bernstorffsgade 50
P.O. Box 100
DK-1577 Copenhagen V

Telephone: (45) 3328 2828

Oslo

Filipstad Brygge 1,
P.O. Box 1363 Vikta
NO-0113 Oslo

Telephone: (47) 2100 8500

Frankfurt

Stephanstrasse 14-16
D-60313 Frankfurt am Main

Telephone: (49) 69 9727 7740

Stockholm

Kungsträdgårdsgatan 8
S-106 40 Stockholm

Telephone: (46) 8 522 29500

Helsinki

Eteläesplanadi 18
P.O. Box 630
FIN-00101 Helsinki

Telephone: (358) 9 616 28700

Tallinn

Tornimäe 2
EE-Tallinn 15010

Telephone: (372) 665 7762

London

One Carter Lane
London, EC4V 5AN

Telephone: (44) 20 7246 4000